



OFFICE OF LEGISLATIVE AUDITOR  
Fiscal Note

Fiscal Note On: **SB 17** SLS 09RS 115  
Bill Text Version: **ORIGINAL**  
Opp. Chamb. Action:  
Proposed Amd.:  
Sub. Bill For.:

<b>Date:</b> May 1, 2009 12:30 PM	<b>Author:</b> ALARIO
<b>Dept./Agy.:</b> Local Taxing Authorities	
<b>Subject:</b> Limits Increases in Assessed Values to CPI	<b>Analyst:</b> Michael Cragin

TAX/AD VALOREM OR SEE FISC NOTE LF Page 1 of 1  
Limits the increase in the assessed value of real or immovable property upon reappraisal to the increase in the CPI except in certain circumstances. (1/1/11) (2/3 - CA13s1(A))  
**Purpose:** Amends Constitution to limit the increase in assessed value of real or immovable property to the percentage change in the Consumer Price Index (CPI) except in certain circumstances.

Generally, the CPI limitation will not apply if the ownership of the property has changed since the last reappraisal. However, the CPI limitation will continue to apply if : 1) the ownership change is due to a succession wherein the property is inherited by the surviving spouse or a descendant of the deceased in the direct descending line or 2) the prior owner retains the benefits of the homestead exemption.

To be submitted to the electors at the statewide election to be held on November 2, 2010 and if passed become effective January 1, 2011.

EXPENDITURES	2009-10	2010-11	2011-12	2012-13	2013-14	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	INCREASE	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2009-10	2010-11	2011-12	2012-13	2013-14	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

**EXPENDITURE EXPLANATION**  
**There is no additional cost to the state to include the amendment on the statewide ballot, but there could be some additional cost to assessors to modify the program for their computer software.**

According to two assessors from different parts of the state, they would have a one time cost to modify their computer programming to: 1) determine the properties that meet any one of the specified conditions; 2) compute the new assessed values based on the percentage change in the cost of living. At this time, the assessors were not able to provide us with detailed figures on how much costs would increase.

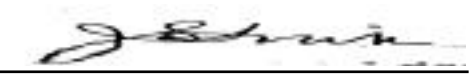
An official with the Secretary of State’s Office informed us that putting this item on the November 2010 ballot would involve no additional expenditures from the state or local government.

**REVENUE EXPLANATION**  
**This measure could limit the potential increase in local government revenues by an indeterminable amount.**

This measure caps the increase on the assessed value of real property to the percentage change in CPI. According to information received from an assessor, the percentage change in CPI will be calculated since the last reassessment. Therefore, the bill could limit additional revenues that could be collected for those properties in which the assessed value has increased by more than the percentage change in CPI. From 2005-2008, the total increase in CPI was 13.2% (approximately 3.3% per year).

For example, if a property’s assessed value in 2005 was \$10,000, it could increase no more than 13.2% in 2008. (\$10,000 x 13.2% = \$1,320) Therefore, the bill could result in a potential assessed value of no more than \$11,320.

CPI will vary depending on CPI changes in future years and the number of years between reassessments.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	
<input type="checkbox"/> 13.5.1 >= \$500,000 Annual Fiscal Cost		<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost	<b>Joy Irwin</b>
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease	<b>Director of Advisory Services</b>